

Department of Commerce

Analyst: Freeman

Historical Summary

OPERATING BUDGET	FY 2000 Actual	FY 2001 Actual	FY 2002 Approp	FY 2003 Request	FY 2003 Gov Rec
BY PROGRAM					
Department of Commerce	17,424,900	17,460,300	29,283,100	30,151,400	29,068,000
Idaho Rural Partnership	0	0	0	167,700	165,700
Total:	17,424,900	17,460,300	29,283,100	30,319,100	29,233,700
BY FUND CATEGORY					
General	2,973,800	3,345,200	7,525,700	7,477,200	6,755,400
Dedicated	4,832,800	5,684,300	5,867,100	6,540,300	6,445,100
Federal	9,618,300	8,430,800	15,890,300	16,301,600	16,033,200
Total:	17,424,900	17,460,300	29,283,100	30,319,100	29,233,700
Percent Change:		0.2%	67.7%	3.5%	(0.2%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	2,611,300	2,622,800	3,073,800	3,207,400	3,156,500
Operating Expenditures	3,734,500	4,695,600	4,333,600	4,682,500	4,235,700
Capital Outlay	69,800	86,700	94,200	93,700	10,000
Trustee/Benefit	11,009,300	10,055,200	21,781,500	22,335,500	21,831,500
Total:	17,424,900	17,460,300	29,283,100	30,319,100	29,233,700
Full-Time Positions (FTP)	54.00	54.00	54.00	55.00	54.00

Department Description

The Department of Commerce is comprised of five divisions:

The DIVISION OF ECONOMIC DEVELOPMENT helps existing businesses expand, encourages the start-up of new Idaho businesses, and helps bring about economic diversification by attracting new businesses to Idaho. Assists local development efforts, and develops, maintains, and disseminates economic and demographic data.

The DIVISION OF RURAL and COMMUNITY DEVELOPMENT provides financial and technical assistance to Idaho's cities and counties in the construction and rehabilitation of critical infrastructure to support economic diversification, expansion, and sense of community.

The DIVISION OF INTERNATIONAL BUSINESS assists Idaho businesses export goods and services, helps develop access to new markets, and increases foreign awareness and acceptance of Idaho products and services.

The DIVISION OF TOURISM DEVELOPMENT helps expand Idaho's tourism and recreation industry by marketing Idaho travel opportunities at home and abroad, distributing grants to communities to promote tourism, and developing the state's film industry.

The DIVISION OF ADMINISTRATION provides fiscal, personnel, and administrative support services to the department and its operational divisions.

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Comparative Summary

Decision Unit	AGENCY REQUEST		GOVERNOR'S REC	
	General	Total	General	Total
FY 2002 Original Appropriation	7,525,700	29,283,100	7,525,700	29,283,100
1. Idaho Rural Partnership Program	0	165,400	0	165,400
Holdback/Neg. Supp	(221,500)	(221,500)	(221,500)	(221,500)
FY 2002 Total Appropriation	7,304,200	29,227,000	7,304,200	29,227,000
Removal of One-Time Expenditures	(205,100)	(215,100)	(205,100)	(215,100)
Restore Executive Holdback	150,500	150,500	150,500	150,500
Permanent Base Reduction	0	0	(502,600)	(502,600)
FY 2003 Base	7,249,600	29,162,400	6,747,000	28,659,800
Personnel Cost Rollups	9,700	14,900	9,700	14,900
Inflationary Adjustments	20,900	373,000	0	0
Replacement Items	125,600	135,600	0	10,000
Nonstandard Adjustments	3,000	3,900	(1,300)	(2,500)
Change in Employee Compensation	18,400	27,800	0	0
FY 2003 Program Maintenance	7,427,200	29,717,600	6,755,400	28,682,200
1. Expand Asian Markets	50,000	50,000	0	0
2. Increase Spending Authority	0	551,500	0	551,500
FY 2003 Total	7,477,200	30,319,100	6,755,400	29,233,700
Change from Original Appropriation	(48,500)	1,036,000	(770,300)	(49,400)
% Change from Original Appropriation	(0.6%)	3.5%	(10.2%)	(0.2%)
Change in FTP's		1.00		0.00

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2002 Original Appropriation	54.00	7,525,700	5,867,100	15,890,300	29,283,100

1. Idaho Rural Partnership Program

This supplemental reflects the transfer of the Idaho Rural Partnership (IRP) program to the Department of Commerce from the Department of Labor. There is a corresponding negative supplemental in the Department of Labor's budget request. This transfer is a direct result of legislative intent in the FY 2002 IRP appropriation which directed IRP to "integrate its efforts with the Idaho Departments of Agriculture and Commerce, and the Governor's Task Force on Rural Development to develop a unified direction in addressing rural economic issues." The mission of IRP is to join "diverse public and private resources in innovative collaborations to strengthen communities and improve life in rural Idaho."

Agency Request	1.00	0	24,300	141,100	165,400
Governor's Recommendation	1.00	0	24,300	141,100	165,400

Holdback/Neg. Supp

The holdback plan includes \$221,500 in operating expenses. The holdback reduces support for travel costs, marketing efforts, professional service costs, the film bureau and a one-time enhancement to support and expand science and technology industries.

Agency Request	0.00	(221,500)	0	0	(221,500)
Governor's Recommendation	0.00	(221,500)	0	0	(221,500)

FY 2002 Total Appropriation

Agency Request	55.00	7,304,200	5,891,400	16,031,400	29,227,000
Governor's Recommendation	55.00	7,304,200	5,891,400	16,031,400	29,227,000

Removal of One-Time Expenditures

Remove funding provided for one-time items.

Agency Request	0.00	(205,100)	(5,000)	(5,000)	(215,100)
Governor's Recommendation	0.00	(205,100)	(5,000)	(5,000)	(215,100)

Restore Executive Holdback

Agency Request	0.00	150,500	0	0	150,500
Governor's Recommendation	0.00	150,500	0	0	150,500

Permanent Base Reduction

Agency Request	0.00	0	0	0	0
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Permanent reductions in agency base budgets are made to accommodate limited General Fund revenue for fiscal year 2003. Reductions will be accommodated through program consolidations, expenditure management, and other program changes that realign funding availability with program requirements.

Governor's Recommendation	(1.00)	(502,600)	0	0	(502,600)
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FY 2003 Base

Agency Request	55.00	7,249,600	5,886,400	16,026,400	29,162,400
Governor's Recommendation	54.00	6,747,000	5,886,400	16,026,400	28,659,800

Personnel Cost Rollups

Includes the employer portion of estimated changes in employee benefit costs.

Agency Request	0.00	9,700	2,800	2,400	14,900
Governor's Recommendation	0.00	9,700	2,800	2,400	14,900

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Inflationary Adjustments					
Includes a general inflationary increase of 1.7% in operating expenditures and trustee/benefit payments.					
Agency Request	0.00	20,900	88,800	263,300	373,000
<i>The Governor recommends no increase for inflation.</i>					
Governor's Recommendation	0.00	0	0	0	0
Replacement Items					
Replacement capital outlay: personal computers, monitors, hard drives, printers, phone units, servers, and cell phones and accessories. Replacement operating expenditures: miscellaneous software applications.					
Agency Request	0.00	125,600	5,000	5,000	135,600
Governor's Recommendation	0.00	0	5,000	5,000	10,000
Nonstandard Adjustments					
Reflects increases in building services space charges.					
Agency Request	0.00	3,000	600	300	3,900
<i>The Governor recommends no adjustment to building space charges for state agencies.</i>					
Governor's Recommendation	0.00	(1,300)	(600)	(600)	(2,500)
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	18,400	5,200	4,200	27,800
<i>The Governor recommends state employee compensation increases to be made from salary savings.</i>					
Governor's Recommendation	0.00	0	0	0	0
FY 2003 Program Maintenance					
Agency Request	55.00	7,427,200	5,988,800	16,301,600	29,717,600
Governor's Recommendation	54.00	6,755,400	5,893,600	16,033,200	28,682,200

1. Expand Asian Markets

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This enhancement request would provide \$50,000 in ongoing General Fund money to assist Idaho firms with international business support in emerging Asian markets by acquiring representation in key areas. The Department of Commerce is currently providing a limited amount of assistance in emerging Asian markets through the Idaho-Asia Trade Office in Taiwan; however, the growing demand for service by Idaho firms has increased beyond the Department's current capacity. The representative would offer direct access to contacts in emerging markets; identify opportunities for the sale of Idaho goods and services; assist state business representatives in arranging targeted trade events; locate distributors or representatives; provide market research in key industry sectors; liaison with government entities to facilitate the necessary support and approval of the importation of Idaho products; and impart understanding of local business practices and difficulties in market access. The current budget for the Idaho-Asia Trade Office is \$150,000 General Funds.

Agency Request	0.00	50,000	0	0	50,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0

2. Increase Spending Authority

Department of Commerce

Over the past few years, revenue from the 2% hotel/motel/campground tax has continued to increase, while spending authority has remained constant. The Department is requesting additional spending authority to meet the increase in revenue generated by the 2% tax (\$417,700). This enhancement would also provide, for the first time, spending authority for revenue generated from the snowskier license plates (\$133,800). With this increase in spending authority, the Department would continue to carry out current advertising/marketing programs aimed at generating increased visitation to the state.

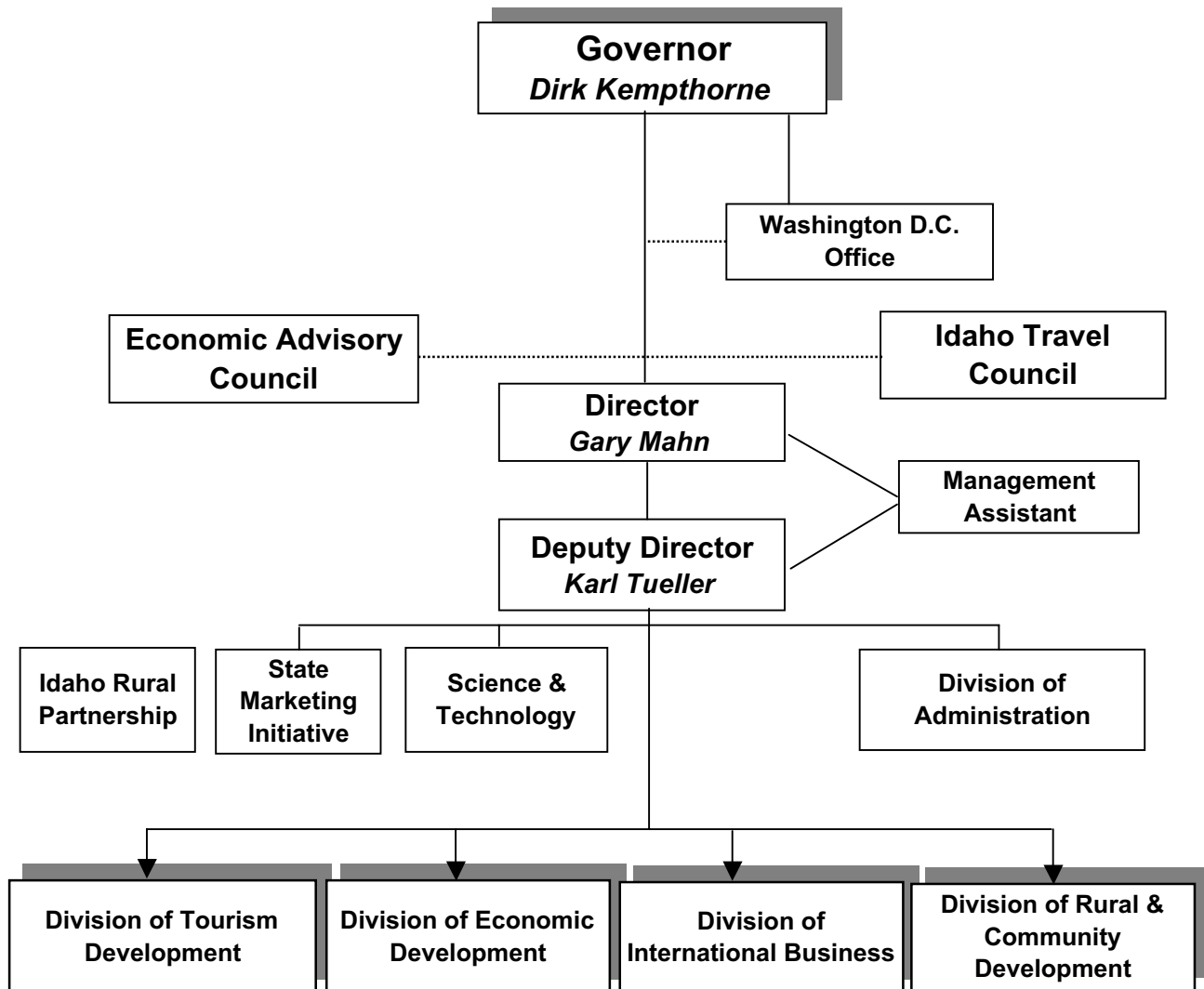
Agency Request	0.00	0	551,500	0	551,500
Governor's Recommendation	0.00	0	551,500	0	551,500

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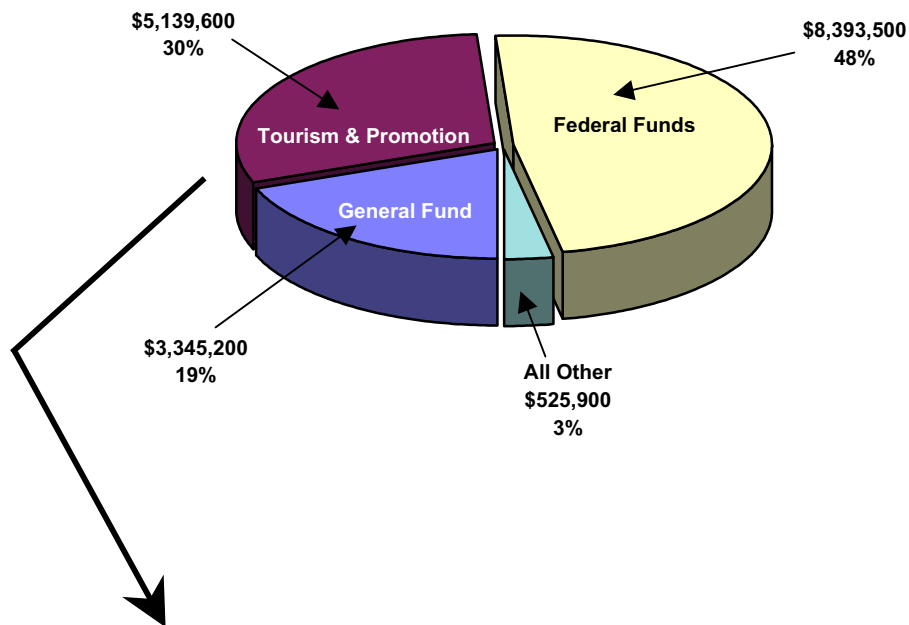
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2003 Total					
Agency Request	55.00	7,477,200	6,540,300	16,301,600	30,319,100
<i>Governor's Recommendation</i>	<i>54.00</i>	<i>6,755,400</i>	<i>6,445,100</i>	<i>16,033,200</i>	<i>29,233,700</i>
Agency Request					
Change from Original App	1.00	(48,500)	673,200	411,300	1,036,000
% Change from Original App	1.9%	(0.6%)	11.5%	2.6%	3.5%
<i>Governor's Recommendation</i>					
<i>Change from Original App</i>	<i>0.00</i>	<i>(770,300)</i>	<i>578,000</i>	<i>142,900</i>	<i>(49,400)</i>
<i>% Change from Original App</i>	<i>0.0%</i>	<i>(10.2%)</i>	<i>9.9%</i>	<i>0.9%</i>	<i>(0.2%)</i>

Department of Commerce Organizational Chart



FY 2001 Actual Revenues
Total = \$17,404,200



Tourism & Promotion Fund

A 2% "bed" tax collected on sales by an establishment which provides lodging to members of the public for a fee, including hotels, motels, private campgrounds, RV parks, etc. These are dedicated revenue distributed through the Department of Commerce according to the formula below:

Percent	Dept. of Commerce	Use
45%	Statewide Programs	Year round operations (staff, public & industry relations, toll free phone numbers), advertising and promotions (statewide ad campaigns), special promotions, publications, education & research, \$25,000 for Gateway Visitor Centers.
45%	Regional Organizations	Distributed via competitive grants back to non-profit travel and promotional organizations within the 7 travel regions. The tax revenue generated in a particular region must go back to that region.
10%	Administration	For administrative and fixed operating costs e.g. staff, rent, phone, legal, audit, workshops and training, memberships.
100%		

The Tourism & Promotion Fund also receives \$25 of the initial fee and \$15 of the annual renewal fee for the Idaho snowskier license plates "for use in the 2002 Olympic winter games strategy program and for general promotion of Idaho's ski industry." Idaho Code §49-419(2)